



Date: June 30, 2014

To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager
From: Donald M. Long, Director, Solid Waste Management
Subject: Amendment #1 to the Contract between the City of Durham and OTTO Container Management, LLC for Rollout Container Services-Cart Purchase Contract #9961

Executive Summary

In July 2008 the City of Durham (hereafter “City”) and OTTO Container Management, LLC (hereafter “Contractor”) entered into a five-year contract for which the Contractor would lease, maintain, repair and deliver carts for the City of Durham. In August 2012, The City and the Contractor reached an agreement by which the Contractor would cease renting roll out containers to the City and the City purchased the existing inventory and future inventory from the Contractor. The Contractor continued to provide services to the City of Durham for cart maintenance, repair and delivery services.

At the time of the cart buyout, SWM was servicing approximately 67,500 collection points. It was anticipated at that time that an estimated 5000 additional carts would be needed for fiscal year 2015 to meet the demand. Since that time, due to the continued growth in the City, and having to increasingly replace damaged, lost and stolen carts, the department has experienced a tremendous demand for carts, requiring an increase in the number of carts purchased. Authorization is needed to increase the cost of the contract by \$177,152 to cover the cost of the increased demand in carts for services in MSW, yard waste and recycling collections.

Recommendation

The Department recommends that the City Council authorize the City Manager to amend the cost of the cart purchase contract between the City of Durham and Otto Container Management, LLC to increase the cost of the Contract by \$177,152, for a total cost of \$401,752 for fiscal year 2015.

Background

The City provides 65 and 95 gallon roll-out carts to households receiving solid waste collection and recycling curbside services once per week. The City entered into a five-year contract in July 2008 (“Initial Contract”) with Otto Container Management, LLC in which the Contractor would lease, maintain, repair and deliver carts for the City of Durham. At the time of the making of the Initial Contract, the City had approximately 157,500 carts in circulation. In July 2010, the Initial Contract was amended (Amendment #1) to add an additional 67,000

roll-out carts into circulation for the purpose of providing single-stream recycling collections services to the citizens of Durham.

The initial contract was set to expire in June 2013. However, In May 2012, by mutual agreement, the City and the Contractor agreed to change their relationship so that the Contractor would cease renting roll-out carts to the City and would provide cart maintenance, repair and delivery services for the City of Durham. The Initial Contract was terminated and was superseded by a one-time Cart Buyout Agreement to purchase the roll-out carts that were being leased, a contract to purchase roll-out carts from the Contractor for a period of three years, and a contract for cart maintenance, delivery and repair services. The current Contracts for cart purchase expire June 2015.

Issues and Analysis

To meet the growing demand of cart usage, citizens are now limited to one free cart for MSW, and up to four free carts for recycling. Additional carts may be rented for \$18.00 each. Each year, the Solid Waste Management Department has experienced approximately a 3% increase in cart demand due to growth in the City and cart replacements due to lost, damaged and stolen carts.

Alternatives

The City Council could choose not to approve the additional funds for purchase of additional cart inventory. The departments' only alternative is to further limit the number of carts that citizens may have per household. However, that would not completely eliminate the need to purchase additional carts.

Financial Impact

Currently the Contract is approved to purchase 5,000 carts at a cost of \$224,600 for the remaining one-year term of the Contract. However, cart demands requires that additional carts must be purchased at a cost of \$401,751 (\$46.50 per cart, plus shipping cost), to meet the current service demands. No new funds are required for the additional carts purchases as funds have been allocated through the annual budget process.

SDBE Summary

This is a contract modification and is not reviewed for compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

Attachments

Contract Amendment